

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 FEA-01 OES-07 /087 W

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R 012037Z JUL 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 3264

INFO AMEMBASSY BRASILIA

C O N F I D E N T I A L MEXICO 11011

E. O. 11652: GDS

TAGS: ETRD, ENRG, MX, BR

SUBJECT: BRAZIL-MEXICO ECONOMIC ACTIVITY

1. ALTHOUGH THE SUCCESSFUL CONCLUSION OF THE FOURTH MEETING OF THE BRAZIL-MEXICO MIXED COMMISSION AT THE END OF MAY CREATED A FAVORABLE ATMOSPHERE ON BOTH SIDES, IT SHOULD BE NOTED THAT CLAIMS BY THE MEXICAN AMBASSADOR TO BRAZIL OF FUTURE ACTIVITIES, PARTICULARLY IN THE PETROLEUM FIELD, SHOULD BE RECEIVED WITH A NOTE OF CAUTION.

2. THE BRAZILIAN EMBASSY TOLD EMBOFF THAT THEIR SIDE WAS MOST PLEASED WITH MEXICO'S FORTHCOMING ATTITUDE TOWARDS ATTEMPTS BY THE BRAZILIANS TO CORRECT THE TRADE IMBALANCE WHICH CURRENTLY FAVORS MEXICO. THIS CURRENT TRADE IMBALANCE WILL APPARENTLY NOT BE AGGRAVATED IN THE NEAR FUTURE BY MEXICAN PETROLEUM SALES TO BRAZIL. BRAZIL IS INTERESTED IN BUYING AND MEXICO IS INTERESTED IN SELLING, BUT PEMEX (MEXICAN EQUIVALENT OF PETROBRAS) OFFICIALS APPARENTLY TOLD THE BRAZILIANS THEY JUST CANNOT GET IT OUT
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OF THE GROUND QUICK ENOUGH TO SATISFY NEW MARKETS -- AT LEAST NOT IN THE NEXT YEAR OR TWO. THE MEXICAN AMBASSADOR TO BRAZIL, ROBERTO GARCIA LEON, IN MEXICO FOR THE COMMISSION MEETING, ANNOUNCED THE PEMEX DIRECTOR DIAZ SERRANO WOULD VISIT BRAZIL THIS YEAR "TO ESTABLISH THE NECESSARY ACCORDS IN ORDER TO EXPORT PETROLEUM TO BRAZIL." HOWEVER, DIAZ SERRANO INDICATED TO THE BRAZILIANS PRI-

VATELY THAT HE DID NOT WANT TO MAKE AN OFFICIAL VISIT TO BRAZIL IF THERE WAS NO PROSPECT THIS YEAR OF ANY PETROLEUM SALES. MEANWHILE, OTHER PEMEX OFFICIALS HAVE BEEN VISITING BRAZIL TO FURTHER TECHNOLOGY INTERCHANGE AND JOINT EXPLORATION EFFORTS.

3. IN HIS PUBLIC COMMENTS TO THE PRESS, AMBASSADOR GARCIA LEON ALSO PRAISED THE RECENT DEAL WHEREBY MEXICO EXCHANGED 50,000 TONS OF BLACK BEANS FOR AN EQUAL AMOUNT OF BRAZILIAN SOY BEANS. GARCIA LEON DID NOT POINT OUT HOWEVER, THAT THE "SWAP" COST MEXICO \$2 MILLION (US), ACCORDING TO BRAZILIAN DEPUTY MINISTER OF FINANCE PELLIGRINI'S COMMENTS TO EMBOFF. (PELLIGRINI WAS IN MEXICO IN EARLY MAY TO NEGOTIATE THE DEAL.)

4. ACCORDING TO ONE BRAZILIAN DIPLOMAT HERE, AMBASSADOR GARCIA LEON TALKS TOO MUCH, AND DOESN'T ALWAYS KNOW WHAT HE IS TALKING ABOUT. THOMPSON

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